



The City of Lynchburg, Virginia

MEMORANDUM

To: City Council

From: Michael W. Hill, Director of Financial Services

Date: June 17, 2003

Subject: Amusement Tax

At the June 10 Council meeting, the Lynchburg Area Women's Bowling Association requested that City Council consider exempting bowling from the amusement tax. The following information has been compiled to assist Council during their consideration of the request from the Lynchburg Area Women's Bowling Association.

Authority to Levy

City Charter Sec. 48-a. Admission taxes and utility taxes on consumer.

In addition to the other powers conferred by law, the council shall have the power to impose, levy and collect, in such manner as it shall deem expedient, an admission tax on admission to any public amusement, entertainment, performance, exhibition, sport or athletic event in said city, and may provide that such tax shall be added to and collected with the price of admission or other charge for such amusement, entertainment, performance, exhibition, sport or athletic event.

Furthermore, council shall have the power to impose, levy and collect, in such manner as it may deem expedient, a consumer or subscriber tax upon the amount paid for the use of water, electricity, gas, telephone, and any other public utility within the city, or upon the amount paid for any one or more of such public utility services, and council may provide that such tax shall be added to and collected with bills rendered consumers for such services.

City Code, Sec. 36-270. Exceptions.

No tax shall be payable under this division for admission to the following amusements or entertainments:

- (a) Athletic events held by a college or university for teams or athletes that regularly participate in such college's or university's athletic programs and dances held by a college or university.
- (b) Athletic events that are held at a municipal facility or any amusement or entertainment event that is sponsored by the city.

(c) Dances or any athletic or cultural event conducted by an elementary or secondary school, public or private. Fundraising activities such as carnivals and other amusement or entertainment events shall be subject to the tax provided for in Sec. 36-262 of this division.

(d) Any athletic event that is held as part of the Virginia High School League All-Star Games.

(e) Amateur participants in sports tournaments. For purposes of this exemption a sports tournament shall be defined as a series of sports or athletic contests taking place during a limited period of time rather than throughout a regular season, where all the participants or teams are amateur, includes teams or participants from outside the Region 2000 area and which has been sanctioned by an appropriate sanctioning body. Examples of sports tournaments include but shall not be limited to, bowling tournaments, miniature golf tournaments, softball tournaments, basketball tournaments, skating tournaments, and similar sport activities.

Analysis

Attachment A provides a comparison of the fifteen Virginia First Cities. Of the fifteen cities, ten charge an amusement tax. Of the ten that charge an amusement tax, three charge for bowling, Lynchburg, Hampton, and Norfolk. In summary, three or twenty per cent of the fifteen Virginia First Cities charge an amusement tax for bowling.

Attachment B provides a four-year history of revenues received from major sources of amusement tax. Total annual amusement tax revenue has averaged \$270,000. Revenue received from bowling alley amusement tax generates an average of \$50,000 per year or nineteen percent of the overall amusement tax. Other major sources of amusement tax revenue include movie theatres which generate over forty percent of the total amusement tax collected or an annual average of \$117,000. The Other Category, which includes entertainment entities, generates an average of eighteen percent or \$47,000 per year. These three sources generate seventy seven per cent of the annual revenue from the amusement tax. Other sources of amusement tax include events sponsored by non-profits and colleges and universities, skating, and miniature golf.

Attachments

c: L. Kimball Payne, City Manager
Bonnie Svrcek, Deputy City Manager

Attachment A

AMUSEMENT TAX COMPARISON (As of FY 2003)

Locality	Tax Rate %	Applicability to Bowling
Charlottesville	No Amusement Tax	
Danville	No Amusement Tax	
Fredericksburg	4	No bowling alley
Hampton	10	Charges tax
Hopewell	No Amusement Tax	
Lynchburg	5	Charges tax, tournaments are exempt
Martinsville	No Amusement Tax	
Newport News	7.5	Leagues & tournaments exempt
Norfolk	10	Charges tax
Petersburg	5	If alley was open, it would be exempt
Portsmouth	10	Exempt
Richmond	7	Exempt
Roanoke	6.5	Exempt: participatory sport
Staunton	No Amusement Tax	
Winchester	5	Exempt: participatory sport

Attachment B

AMUSEMENT TAX COLLECTED

	FY 2000	FY 2001	FY 2002	FY 2003 (June-April)
TOTAL REVENUE	\$ 267,437	\$ 257,513	\$ 285,755	\$ 272,742
THEATRES	120,280 45%	114,121 44%	116,677 41%	112,897 41%
BOWLING	49,458 18%	50,103 19%	51,052 18%	51,567 19%
OTHER (i.e. Lynchburg Fine Arts Center, Cattle Annie's)	47,550 18%	46,646 18%	46,677 16%	47,979 18%
NON-PROFIT (i.e. Lybg. Comm. Concert Assoc., Lybg Symphony)	18,995 7%	19,689 8%	41,536 15%	36,220 13%
MINIATURE GOLF	14,897 6%	16,975 7%	16,784 6%	13,468 5%
SKATING	8,777 3%	8,333 3%	6,318 2%	4,641 2%
COLLEGES & UNIVERSITIES	7,480 3%	1,646 1%	6,711 2%	5,970 2%

Source: Commissioner of Revenue and the Department of Financial Services